

May 9, 2012

ITEM NO. B4

AUTHORIZATION TO 1) ENTER INTO A CONTRACT WITH STATEWAY ASSOCIATES, LLC FOR ENVIRONMENTAL REMEDIATION ACTIVITIES AT THE PARK BOULEVARD PHASE IIB RENTAL REDEVELOPMENT SITE AND 2) EXECUTE OTHER DOCUMENTS AS NECESSARY TO IMPLEMENT THE FOREGOING

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to enter into a contract ("Remediation Agreement") for environmental remediation activities with Stateway Associates, LLC (the "Developer") for a total contract amount not to exceed \$1,125,028 which represents 200% of the estimated remediation cost for the Park Boulevard Phase IIB Rental Redevelopment Site. The term of the remediation contract shall commence at closing and expire the earlier of (i) receipt of a "No Further Remediation" letter from the Illinois Environmental Protection Agency ("IEPA") or (ii) two years, subject to a one year extension at CHA's election.

FUNDING

Not to exceed \$1,125,028 of General and/or Other Funds

Vendor: Stateway Associates, LLC

Contract Type: Environmental Remediation

Contract Amount: \$1,125,028 (Represents 200% of the estimated remediation cost for the Park Boulevard Phase IIB Rental Redevelopment site)

Contract Period: From closing throughout receipt of "No Further Remediation" letter or two (2) years, subject to a one (1) year extension at CHA's election

M/W/DBE & Section 3 Participation: Compliance Affidavit on file

EXPLANATION

On February 20, 2001 Stateway Associates, LLC was selected as the developer for the HOPE VI Revitalization Program at Stateway Gardens in response to the Request for Qualifications (RFQ) Number 20103 issued by the Chicago Housing Authority and the former court-appointed Gautreaux Receiver, Daniel E. Levin and The Habitat Company, LLC ("Habitat").

Pursuant to the development agreement, CHA is required to fund the cost of site remediation for pre-existing conditions on the entire rental development site (other than costs the Developer would have incurred in any event), subject to certain rights to terminate for infeasibility.

As part of the construction preparation, a number of environmental investigation studies were completed for the CHA-owned land included in the Phase IIB site. These studies have identified certain environmental contaminants on the site that can be effectively remediated with an “engineered barrier” approach. This approach is the preferred method because it is the least costly and is also acceptable to

the Illinois Environmental Protection Agency. Under the engineered barrier approach to remediation, the top 3 feet of soil will be removed and disposed of as “special waste” at an approved licensed special waste landfill, and replaced by the equivalent quantity of clean soil in all proposed landscaped areas. The soil removed for the excavation of the foundations will be disposed of as special waste. The balance of the site will be capped by impermeable surfaces (i.e. building structures, parking lots, streets, sidewalks, etc.). This is the approach that was used on the first phase of construction at Park Boulevard, formerly the Stateway Gardens public housing development.

The estimated remediation costs for the Park Boulevard Phase IIB Rental site is \$562,514. CHA’s contractual responsibility for remediating foreseen and unforeseen environmental conditions is capped at 200% of this estimated total cost and equals \$1,125,028. The required M/W/DBE participation commitment is 40% of the estimated remediation cost of \$1,125,028. Additionally, the contractor has made a commitment to hire one (1) Section 3 individual, likely as a laborer.

Based on the foregoing, it is recommended that the Board of Commissioners authorize the Chicago Housing Authority to enter into a Remediation Agreement with Stateway Associates, LLC for environmental remediation activities at the Park Boulevard Phase IIB Rental redevelopment site in a total contract amount not to exceed \$1,125,028 (which represents 200% of the estimated total remediation cost). The term of the Remediation Agreement shall commence at closing and expire the earlier of (i) receipt of a “No Further Remediation” letter from the Illinois Environmental Protection Agency or (ii) two (2) years, subject to a one (1) year extension at CHA’s election.

RESOLUTION NO. 2012 CHA-35

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated May 9, 2012, requesting authorization to enter into a contract, the Remediation Agreement, for environmental remediation activities with Stateway Associates, LLC, the Developer, for a total contract amount not to exceed \$1,125,028 which represents 200% of the estimated remediation cost for the Park Boulevard Phase IIB Rental Redevelopment Site. The term of the remediation contract shall commence at closing and expire the earlier of (i) receipt of a "No Further Remediation" letter from the Illinois Environmental Protection Agency or (ii) two years, subject to a one year extension at CHA's election.

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to enter into a contract, the Remediation Agreement, for environmental remediation activities with Stateway Associates, LLC, the Developer, for a total contract amount not to exceed \$1,125,028 which represents 200% of the estimated remediation cost for the Park Boulevard Phase IIB Rental Redevelopment Site. The term of the remediation contract shall commence at closing and expire the earlier of (i) receipt of a "No Further Remediation" letter from the Illinois Environmental Protection Agency or (ii) two (2) years, subject to a one (1) year extension at CHA's election.

